

MONTANA TEACHERS' RETIREMENT SYSTEM



MEMBER'S RETIREMENT PLAN HANDBOOK

**July 1, 2011 to
June 30, 2013**

**1500 East Sixth Avenue
PO Box 200139
Helena, MT 59620-0139
406-444-3134
1-866-600-4045**

www.trs.mt.gov



DAY OF DECISION



*The time for retirement will eventually be here;
New opportunities, a new career.
It's a change of pace, something new,
A time for renewal and review.*

*It's the chance to travel, perhaps explore,
To try things never done before.
It's the chance to rest and just retire,
Or hibernate without desire.*

*The choice is yours, whatever you choose,
Yours to accept or just refuse.
So plan ahead and enjoy it too,
The rest of your life belongs to you.*

From the poems of Walter Holmes



Dear Member:

Welcome to the Montana Teachers' Retirement System (TRS). Our goal is to provide clear and practical information to help you plan for retirement and prepare for your financial future.

TRS members contribute a percentage of their earned income as a share of the funding for retirement, disability, and death benefits (see 'Employee Contribution Rate' on Page 35). Each employer is required to deduct and forward contributions from a member's salary on a pre-taxed basis directly to TRS for each month of eligible employment. Employer contributions and investment returns provide further funding for the system.

TRS membership is mandatory if you work in a TRS covered position for at least 210 hours during the school year (see 'Active Membership' on Page 32). Membership begins on the first day of eligible employment. Your employer will provide forms to record your membership and to designate beneficiaries. Be sure to fill out each form fully and accurately and submit them to TRS.

This handbook describes the plan options available for managing your retirement account throughout your career. We'll also walk you through the retirement process and explain how TRS is administrated.

This handbook also answers the most common questions about retirement:

- What type of retirement plan is TRS?
- What are TRS membership requirements?
- How is a retirement benefit funded?
- How do I become eligible to purchase service?
- When will I be eligible to apply for a retirement benefit?
- How are retirement benefits calculated?

In addition, we explain the statutory requirements triggered if, after retirement, you choose to work in a TRS reportable position.

We encourage you to use the tools on the TRS website to become familiar with your retirement system, and we hope this handbook helps each member prepare for their financial future.

Sincerely,

The TRS Board and Staff

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FOREWORD

State law established the Montana Teachers' Retirement System (TRS) in 1937. The system has grown from its initial enrollment of 3,367 members to over 18,900 active members, and now has assets in excess of \$2.9 billion. Approximately 12,819 members and beneficiaries receive retirement, disability, survivor, or minor child benefits in excess of \$249 million each year.

TRS is a 'Defined Benefit Plan' qualified under Internal Revenue Code (IRC) Section 401(a). As a 'Defined Benefit Plan' a monthly benefit is calculated based on each member's total years of service credit and average final compensation, not on the account balance or the performance of the financial markets. In addition, all benefits are paid pursuant to a contract as contained in the statutes governing TRS.

An actuarial valuation of the retirement system is performed annually, as of July 1 of each year. The purpose of the valuation is to determine the financial position of the fund, the normal cost, and the unfunded actuarial accrued liability based upon present and prospective assets and liabilities of the system.

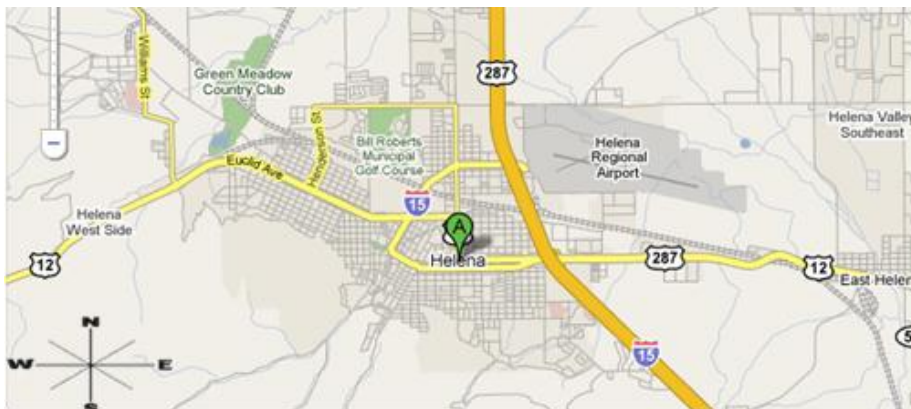
DETERMINATIONS TO BE MADE BY APPLICATION OF LAW AND POLICY

TRS statutes and rules (Title 19, chapter 20 of the MCA, Title 2, Part 44 of the ARMs) and policies are the basis for the information provided in this *Member's Retirement Plan Handbook*. As much as possible, this handbook has been written in non-technical terms, avoiding the formal language of the retirement laws and administrative rules. Many factors may affect the ongoing validity of the information in this handbook, including future changes to law and/or administrative rules. In all cases, the rights, duties, obligations, and benefits of a benefit recipient as well as questions of interpretation of this handbook will be resolved by application of TRS statute, rules, and policies,

Representatives of school districts, the university system, and state agencies participating in the TRS are not agents of the retirement system. The TRS is not responsible for erroneous information provided by employers.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1992, ALTERNATIVE ACCESSIBLE FORMATS OF THIS DOCUMENT WILL BE PROVIDED UPON REQUEST.

DIRECTIONS TO THE TRS OFFICE



The Montana TRS building is located in Helena at 1500 East Sixth Avenue, in the capitol complex. The TRS building is a brown brick building on the northeast corner of Sixth Avenue and Sanders street.

Driving into Helena on I-15 North:

- Turn **right** at I-15 Business/Prospect Avenue/US 12
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on I-15 South:

- Turn **left** at I-15 Business/Prospect Avenue/US 12
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

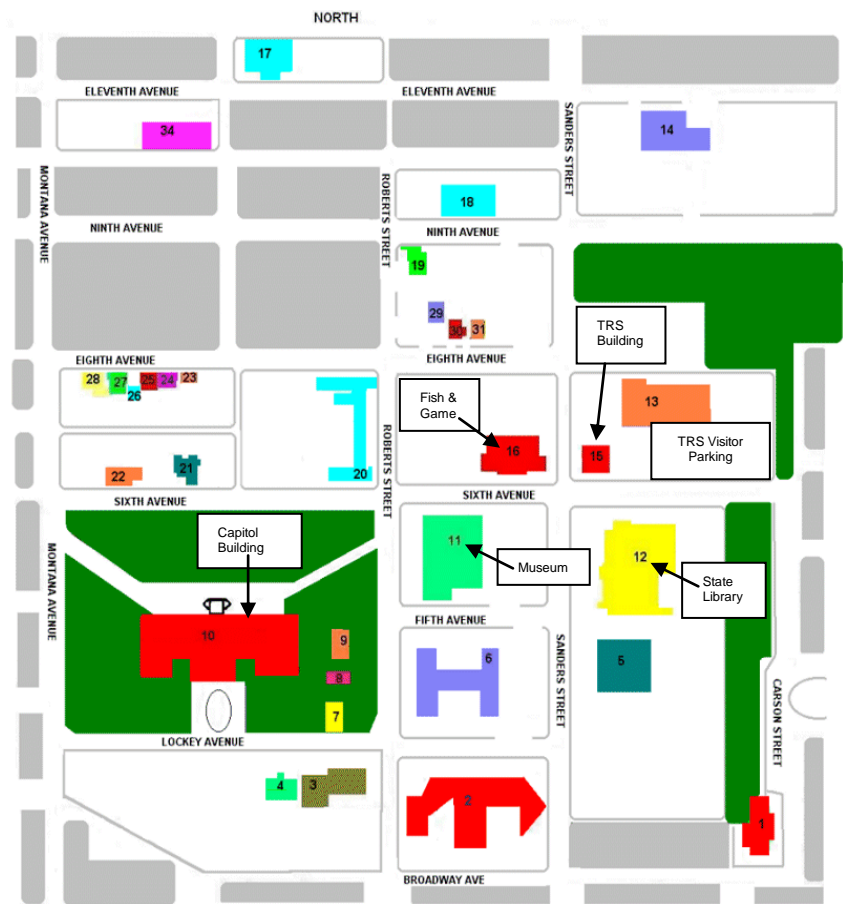
Driving into Helena on Hwy 12 East:

- Hwy 12 East will become Prospect Avenue
- Turn **left** at Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

Driving into Helena on Hwy 12 West:

- Hwy 12 will merge into Montana Avenue
- Turn **left** at Sixth Avenue
- Proceed two blocks to the corner of Sixth Avenue and Sanders Street

MAP OF THE CAPITOL COMPLEX



- | | | |
|---|--|---|
| 1. <u>Executive Residence</u>
2 Carson St | 12. <u>Justice Bld & State Library</u>
215 N Sanders St | 22. <u>Office Building</u>
1218 E. 6th Ave |
| 2. <u>Cogswell</u>
1401 E. Lockey Ave | 13. <u>Metcalf</u>
1520 E 6th Ave | 23. <u>Office Building</u>
326 Washington Dr |
| 3. <u>Walt Sullivan Bld</u>
1327 Lockey Ave | 14. <u>Corrections</u>
1539 11th Ave | 24. <u>Office Building</u>
1225 8th Ave |
| 4. <u>Old Board of Health</u>
1301 E. Lockey Ave | 15. <u>Teacher's Retirement</u>
1500 E 6th Ave | 25. <u>Office Building</u>
1219 8th Ave |
| 5. <u>DPHHS Building</u>
111 N. Sanders St | 16. <u>Fish, Wildlife & Parks</u>
1420 E. 6th Ave | 26. <u>Office Building</u>
1215 8th Ave |
| 6. <u>Mitchell</u>
125 N. Roberts St | 17. <u>Public Instruction</u>
1300 11th Ave | 27. <u>Tax Appeals Board</u>
1209 8th Ave |
| 7. <u>Old Livestock</u>
1310 E. Lockey Ave | 18. <u>Natural Resources</u>
1424 9th Ave | 28. <u>Political Practices</u>
1205 8th Ave |
| 8. <u>Capitol Annex</u>
118 N Roberts St | 19. <u>Maintenance Shop</u>
425 N. Roberts St | 29. <u>Fish, Wildlife & Parks</u>
1400 8th Ave |
| 9. <u>Boiler Plant</u>
120 N Roberts St | 20. <u>Scott Hart</u>
302 N. Roberts St | 30. <u>Fish, Wildlife & Parks</u>
1404 8th Ave |
| 10. <u>Capitol</u>
1301 E. 6th Ave | 21. <u>Sec. of State Annex</u>
1236 E. 6th Ave | 31. <u>Office Building</u>
1410/1412 8th Ave |
| 11. <u>Historical Society & Museum</u>
225 N. Roberts St | | 34. <u>Public Instruction</u>
1227 11th Ave |

DEFINITIONS

For the purpose of this handbook, the following definitions apply:

‘Accumulated Contributions’ means the sum of a member’s contributions on deposit with the retirement system together with interest.

‘Administrative Officer’ means an employee who has a significant degree of executive or policy-making authority and whose appointments are based on required training or experience in the field of education.

‘Average Final Compensation’ means a member’s highest average earned compensation in three consecutive years, determined pursuant to §19-20-805, MCA, on which contributions have been made.

‘Beneficiary’ means one or more persons formally designated by a member or retiree to receive a retirement benefit allowance or payment upon the member’s or retiree’s death, except for a joint annuitant.

‘Benefit Recipient’ means a retired member, joint annuitant, or a beneficiary who is receiving a retirement allowance from TRS.

‘Board’ or **‘Retirement Board’** means the Teachers’ Retirement Board as provided for in §2-15-1010, MCA.

‘Cost-Basis’ or **‘Investment in Contract’** means the contributions in a member’s account on which taxes have already been paid.

‘Creditable Service’ means each year of service for which contributions to TRS were deducted from a member’s compensation and remain on deposit with TRS. Any out-of-state employment service; service while on leave; service in the military; private teaching service; service for Montana extension service employment; service transferred from the PERS; or any service due to employment-related injury, and for which payment has been finalized will also be considered creditable service.

‘Earned Compensation’ for active members, means compensation paid for the service of a member out of funds controlled by an employer, before any pre-tax deductions allowed under the IRC. Elective deferrals made under a bona fide cafeteria plan under IRC Section 125 are considered earned compensation but only to the extent the amounts would be includible in gross income but for IRC Section 125(a).

‘Fiscal Year’ means July 1 through June 30.

‘Full-time service’ means service at least 180 days in a fiscal year; or at least 140 hours a month during at least nine months in a fiscal year; or, at least 1080 hours in a fiscal year under an alternative school calendar adopted by a school board and reported to the Office of Public Instruction as required by §20-1-302, MCA. The standard for full-time service for a school district operating under an alternative school calendar must be applied uniformly to all employees of the school district required to be reported to the retirement system.

‘Instructional Services Capacity’ means the education and instruction of students in the regular curriculum of the institution, or taking part in curriculum development and/or administration of instructional services.

‘Joint annuitant’ means the one person that a retired member who has elected an optional allowance under §19-20-702, MCA, has designated to receive a retirement allowance upon the death of the retired member.

‘Limitation Year’ for the purpose of IRC Section 415 is September 1 through August 31. Compensation earned during this period will be used to determine the maximum contribution that may be allowed under Section 415.

‘Membership Service’ means service performed by an active member in a position reportable to the retirement system and for which creditable service is awarded to the member, but does not include creditable service awarded or purchased for periods of time not actually worked by the member.

‘Normal Form’ or **‘Normal Form Benefit’** means a monthly retirement allowance payable during the lifetime of a retired member.

‘Normal Retirement Age’ means an age no earlier than 55 years of age, with the right to receive an immediate retirement benefit without an actuarial reduction in the benefit.

‘Paraprofessional’ means a person who provides instructional support as a one-on-one tutor assisting in classroom management, such as organizing instructional materials, providing instructional assistance in a computer laboratory, conducting parental involvement activities, acting as a translator, or providing instructional support services under the direct supervision of a certified teacher.

‘Part-time Service’ means service that is not full-time. Part-time service credit is calculated based on the total number of hours, days, or months reported to TRS, divided by the number of hours, days, or months of equivalent full-time service. Seven hours per day is considered a full-time day.

‘Part-time Teacher’s Aide’ means an individual who works less than seven hours per day assisting a certified teacher in a classroom.

‘Retired’, ‘Retired Member’ or ‘Retiree’ means a person who has terminated all employment that qualifies the person for membership under the TRS and who has received at least one monthly retirement benefit.

‘Service’ means the performance of duties that would entitle the person to active membership in the retirement system under the provisions of §19-20-302, MCA.

‘Service Credits’ means the number of years credited to a member’s account for which contributions have been received as required by statute or rule.

‘School Term’ means the fiscal year July 1 through June 30.

‘Termination’ or ‘Terminate’ means that the member has severed the employment relationship with each employer and that all, if any, payments due upon termination of employment, including but not limited to early retirement incentives, accrued sick and annual leave balances, have been paid to the member.

‘Termination Pay’ means any form of bona fide vacation and/or sick leave, severance pay, amounts provided under a window or early retirement incentive plan, or other payments paid at the time of retirement and termination of employment.

‘Vested’ means that a member has been credited with at least five full-time years of membership service upon which contributions have been made, and has a right to a future retirement benefit.

ADMINISTRATION

THE TRS BOARD

The TRS Board serves active and retired teachers, administrators and educators, and their beneficiaries. Its primary purpose is to administer the retirement system, which includes but is not limited to enrollment of new members, collection of member and employer contributions, and payment of retirement benefits.

The TRS Board is composed of six members appointed by the Governor. Four members are appointed from the teaching profession, of which one must be a public school classroom teacher and one a retired teacher, and two members are appointed as representatives of the public sector. The Board employs administrative officers and a staff to conduct the business of the system. The Board typically meets in Helena on the first Friday following Labor Day, the third Friday in November and February, and the second Friday in May.

TRS BOARD MEMBERS	TERM EXPIRES
JAMES TURCOTTE, jturcotte@mt.gov Public Member, Helena	July 1, 2015
DARRELL LAYMAN, dlayman@mt.gov Retired Teacher, Glendive	July 1, 2016
JEFF GREENFIELD, jgreenfield@mt.gov Active Member, Shepherd	July 1, 2016
KARI PEIFFER, kpeiffer@mt.gov Active Classroom Teacher, Kalispell	July 1, 2012
SCOTT DUBBS, sdubbs@mt.gov Active Member, Lewistown	July 1, 2013
ROBERT PANCICH, bpancich@mt.gov Public Member, Great Falls	July 1, 2014

ADMINISTRATIVE OFFICERS

DAVID L. SENN	Executive Director
TAMMY RAU	Deputy Executive Director
DENISE PIZZINI	Chief Legal Counsel

RESPONSIBILITIES OF THE BOARD

The powers and duties of the retirement board are as follows:

- Employ an executive director and other technical and administrative employees who are necessary for the transaction of the business of the retirement system;
- Keep a record of all its proceedings, which shall be open to public inspection;
- Publish an annual report by January 1 of each year. This report provides, in detail, the fiscal transactions for the two fiscal years immediately preceding the report due date, the amount of accumulated cash and securities of TRS, and the last fiscal year balance sheet showing the assets and liabilities of TRS;
- Designate an actuary to assist the TRS Board with the technical actuarial aspects of TRS, which includes establishing mortality and service tables and making an actuarial investigation at least once every four years into the mortality, service, and compensation experience of TRS members and beneficiaries;
- Determine the eligibility of a person to become a member of TRS;
- Grant retirement, disability, survivor, minor child, and other benefits; and
- Perform other duties and functions as are required to properly administer and operate TRS.

MISSION STATEMENT

The mission of the TRS Board is to promote long-term financial security for our membership while maintaining the stability of the fund.

Guiding Principles: To earn the respect and trust of our members, we adhere to the following values:

- High ethical standards
- Honesty, integrity, and impartiality
- Dignity, respect, and mutual support
- Service excellence

ADMINISTRATIVE REVIEW OF STAFF DETERMINATIONS – REQUIREMENT TO EXHAUST ADMINISTRATIVE REMEDIES

A benefit recipient who disagrees with a determination by TRS staff regarding the benefit recipient's rights, duties, obligations, or benefits under the retirement system may request review of the staff determination by the Executive Director. As well, at the direction of the Executive Director, TRS staff may investigate issues regarding a benefit recipient's rights, duties, obligations, or benefits under the retirement system. Following review, the Executive Director will issue a written final staff determination. If the benefit recipient believes a final staff determination is based upon incorrect or incomplete information/documentation, the benefit recipient may request reconsideration of the final staff determination and provide additional information and/or documentation to the Executive Director in support of the request for reconsideration.

A benefit recipient who is adversely affected by a final staff determination may request a decision in the matter by the Board of the TRS through the process of a contested case hearing. The Board may hear the contested case, or it may appoint a hearing examiner to hear the contested case. A contested case hearing will be conducted in conformity with the Montana Administrative Procedures Act (MAPA) and the administrative rules adopted by the Board pertaining to contested cases, including that the benefit recipient will be entitled to be represented by legal counsel at the benefit recipient's discretion and expense. Upon conclusion of a contested case hearing, the Board will issue a final written decision, including findings of fact and conclusions of law.

A benefit recipient who is adversely affected by a final decision of the Board may file a petition for judicial review in district court in conformity with MAPA. A benefit recipient must exhaust these administrative remedies prior to seeking judicial review or other judicial determination of the matter.

INVESTMENTS



The State Board of Investments invests the funds of the system in various securities as permitted by law. These investments are segregated from other state funds. The Treasury Division of the Montana Department of Administration is the custodian of the securities owned by TRS. For more information, please visit www.investmentmt.com.

FEDERAL COMPLIANCE – QUALIFIED PLANS

Under Section 415(c) of the IRC, a TRS member's post-tax contribution to purchase additional service may be limited. These limits may interfere with an employee's right under the state law to purchase the entire amount of service credit for which they are eligible.

In addition, under Section 415(c), post-tax contributions remitted on termination pay may be limited, which would reduce the amount of termination pay that may be included in the calculation of a benefit. Under state law, the member has the right to elect to include termination pay in the calculation of their average final compensation (AFC). If the member elects to do so, both the member and the employer must pay a share of the full actuarial cost to fund the benefit enhancement. Again, if the post-tax contributions exceed the Section 415(c) limits, the benefit will be reduced.

The good news is that members may elect to purchase service or to contribute on termination pay using tax-deferred dollars, which are **not** subject to the Section 415(c) limits. Refer to 'Termination Pay Irrevocable Election' on Page 58 for an explanation of the tax-deferred options available and the rules governing these elections, or contact TRS for additional information regarding Section 415(c) limits.

FAMILY LAW ORDER

TRS may be directed by a court to distribute a portion of a member's TRS benefits to an ex-spouse in recognition of the ex-spouse's marital property or spousal maintenance rights by issuance of a Family Law Order (FLO). A FLO must comply with all applicable law, including that it may **not** require a type, form, or duration of benefit, allowance, or payment **not** available to the TRS member/retiree, or require a different administrative process than used for retirement benefits in general. A FLO must be approved by the TRS. For additional information regarding FLOs, please visit the TRS website at www.trs.mt.gov.

If it is necessary for the parties in a dissolution to determine the present value of future retirement benefits, the parties must engage an actuary and/or accountant to determine present value. The TRS will not make such determinations.

EXEMPTION FROM LEGAL PROCESS

A benefit recipient's monthly retirement allowance, or any benefits accrued or accruing to any person under the provisions of TRS and the accumulated contributions, cash, and securities in the various funds of the retirement system are **not** subject to execution, garnishment, attachment by trustee process or otherwise, in law or equity, or any other process. These funds are unassignable, except by means of an IRS or state tax lien, under the limited provisions of a FLO, or pursuant to a child support order.

YOUR RETIREMENT ACCOUNT

TAKE OWNERSHIP



We hope this handbook answers all of a member's questions about the TRS pension plan. We also hope that a member is well informed at the time of their termination and retirement and ready to make the choices that will lead to a rewarding life as a retired educator. Please don't hesitate to contact the TRS office to ask questions. Our goal is to provide fast, easy access to complete and accurate information.

A TRS MEMBER'S RESPONSIBILITIES

- **Educate yourself** before making important retirement decisions. Read this handbook thoroughly.
- **Inform TRS of any significant event** such as marriage, divorce, death of a joint annuitant or beneficiary, birth of a child, a change in name, change of mailing address, or of any updates to a TRS account.
- **Take advantage of other tools and resources** available on the TRS website including account information, the on-line benefit estimate calculator, and the retirement education tutorials.
- **Include family** in the retirement planning process.
- **Review the 'Annual Statement of Account'** provided by TRS for information on creditable service, beneficiary designation, and the estimate of benefits.

MEMBER'S CONTRIBUTION ACCOUNT



Your account balance represents contributions withheld from gross wages and reported to TRS on your behalf, plus accumulated interest. Employer contributions are not reflected in your account balance. The employer contribution is placed and held in the pension trust fund and, together with investment earnings, provides funding for retirement benefits.

STATEMENT OF ACCOUNT

In the fall of every year, TRS provides an 'Annual Statement of Account' to each member. The statement presents the member's contributions and accumulated interest, the sum of which is the account balance, as well as creditable service for the fiscal year ending June 30. In addition, if a member is eligible for normal or early retirement, the statement will provide the estimated monthly annuity payment the member could receive at retirement. TRS mails the 'Annual Statement of Account' directly to a member's address on file with TRS. To ensure receipt of a statement, please notify TRS of any address changes. If a current mailing address is not available, TRS will mail the statement to the employer.

COMMUNICATING WITH TRS

TRS responds to all written requests and e-mails in the order received.

Important Note Regarding Your Privacy, Social Security Numbers, and Financial Account Information: TRS requires submission of many forms that must include full Social Security Numbers of members, retirees, joint annuitants and beneficiaries. TRS also requests information regarding bank and other financial account information, including account numbers, for purposes of direct deposit of benefits, rollover of account balances, etc. If you are submitting a form that requires a full Social Security or financial account number, please submit the form and any accompanying documentation via regular mail only. You may also be asked to provide full Social Security Numbers or financial account information when speaking directly over the telephone with a TRS staff member. When communicating with TRS via e-mail, voice mail, or fax, please do not provide full Social Security or financial account numbers, only your full name and the last four digits of your Social Security Number.

INTERNET



Website: www.trs.mt.gov

E-mail: trswebadmin@mt.gov

Information regarding TRS may be obtained by logging on to the TRS website. This website contains information relative to active members, retired members, benefit recipients, school business officials, attorneys, and the public. You may also create your own personal logon ID and password to view information regarding your TRS benefits.

WRITING TO TRS



Include your full name, Social Security Number, and home mailing address, and telephone number on your written request for information or action. Sign any request for information, changes, or action. Mail the request to the TRS office.

Teachers' Retirement System
PO Box 200139
Helena, MT 59620-0139

If reporting a death of a member, retiree, beneficiary or joint annuitant, please include the decedent's name and full Social Security Number.

VISITING THE TRS OFFICE



Before visiting the TRS office, please call ahead to schedule an appointment. This gives TRS staff time to review account records and prepare for the visit.

Office Location: Teachers' Retirement System building. See the driving directions and a map of the Capitol complex, on Pages 8 and 9.

Appointment Hours: 9:00 a.m. to 4:00 p.m. Monday through Friday.

FAXING INFORMATION



Fax Line: 406-444-2641

When faxing information relative to a member's account, include the member's full name, the last four digits of the member's Social Security Number, and the member's telephone number. If you are not the member, please also provide your full name and telephone number.

CALLING TRS



Main Line: 406-444-3134
Toll Free: 1-866-600-4045

The TRS office opens at 8:00 a.m. and closes at 5:00 p.m. (except during state recognized holidays), with a limited staff working during the noon hour. After normal office hours, please leave a message for a return call the following business day.

When calling the TRS office, be sure to ask for the proper section of the office, to expedite handling your request for information. Please have your Social Security Number available.

The following is a description of duties handled by each section of the TRS office:

Administrative Section

- Administrative Rules
- Agency Administration
- Family Law Order/Divorce
- Legislative Issues
- Legal Issues

Information Technology Section

Member On-Line Access

Accounting Section

Contribution Reporting

Contribution Reporting Deadlines

Monthly Contribution Reporting Questions

Overage/Shortage Questions

Membership

Beneficiary Designation Form

Change of Mailing Address

Name Change

New Member Packet

Record for Membership Form

Withdrawal

Account Balance Rollover

Mandatory Federal Income Tax Withholding

Withdrawal of a Member Account

Refund to Employers

Tax Excludable Information

1099-R for Lump Sum Distribution

Active Membership Section

Account Information

Beneficiary Designation and Update

Eligibility for Membership

Service Credit

Statement of Account Questions

Vesting

Legislative Updates

Purchase of Service

Service Purchase Irrevocable Election

Rollover/Transfer Form

Transfer of Service between the TRS and PERS

Retirement Counseling

Estimate of Benefits

Retirement Application Materials

Retirement Benefit Allowances

Retirement Education Seminars

Retirement Planning Questions

Termination Pay

Termination Pay-Irrevocable Election Form

Member's Retirement Plan Handbook

Retired Payroll Section

General Requests

- Change of Mailing Address
- Beneficiary Designation
- Direct Deposit Setups/Change
- Guaranteed Annual Benefit Adjustment (GABA)
- Legislative Changes Affecting Benefit Recipients
- Name change

Insurance

- Withholding of Employer-Sponsored Insurance Premiums

Life Altering Events

Death

- Change of Beneficiary
- Death of a Benefit Recipient
- Minor Child Benefit
- Survivor Benefit

Divorce

Employment and Earnings After Retirement

Wage Limits

- Returning to Full-Time TRS Covered Employment

Taxes

- Annual Tax Form 1099-R
- Federal Income Tax Withholding
- Montana State Income Tax Withholding
- Tax Excludable Information

24/7 ON-LINE RETIREMENT ACCOUNT ACCESS

The TRS website is available at www.trs.mt.gov. The website contains many useful links.

To create a personal account that will enable you to log on to the TRS website, click on 'Members' link.



Scroll down and click on 'Account Information'



To begin, click the 'Create an Account' button.

Create an Account

Sign up as a new user by entering information on the sign-up screen that allows you to identify yourself to TRS and for TRS to identify that you are a member.

Click on [What's This?](#) for a description of each field to be entered.

mt.gov
Montana's Official State Website

MONTANA TEACHERS' RETIREMENT SYSTEM

Employers Members Retirees/Benefit Recipients Calendar Publications TRS Board TRS Staff Help Home

New User Sign-up

Employee ID [What's This?](#)

Date of Birth MM DD YYYY

Choose a Security Question

Security Answer

User ID [Is this User ID available?](#)

Password

Verify Password

Choose Your Hint Question

Hint Answer

Because of the ubiquitous nature of web access and powerful password crackers, the TRS requires strong passwords for your protection. Your **User ID** needs to be between **6 and 12 characters**. Your **password** needs to be between **8 and 12 characters** and composed of at least **one number**, **one upper case letter**, and **one lower case letter**. Special characters can be used like: ~!#\$%^&*()-_+{}[]:;\">,.,?/\. Passwords expire after 60 days. [Click here for more password help.](#)

[Create Account](#) [Help?](#)

Privacy & Security Accessibility Contact TRS Search **mt.gov**

Populate the required fields and click on **Create Account** to create a new account. The site may ask you to fill in incomplete fields. Make sure your information is accurate.

Forgot Your User ID?

Answer the questions correctly in order to have your user ID displayed on the screen.

The screenshot shows the 'Forgot Your User ID' form on the Montana Teachers' Retirement System website. The form includes the following fields and options:

- Employee ID: A text input field.
- Date of Birth: Three dropdown menus for MM, DD, and YYYY.
- Choose a Security Question: A dropdown menu.
- Security Answer: A text input field.
- Choose Your Hint Question: A dropdown menu.
- Hint Answer: A text input field.

At the bottom of the form, there are two buttons: 'Show my User ID' and 'Back to Login Page'. A red arrow points from the 'Show my User ID' button to the text 'Populate the required fields and click on Show my User ID to display your user ID.' below the form. The website header includes the 'mt.gov' logo and navigation links for Employers, Members, Retirees/Benefit Recipients, Calendar, Publications, TRS Board, TRS Staff, Help, and Home. The footer includes links for Privacy & Security, Accessibility, Contact TRS, and Search.

Populate the required fields and click on **Show my User ID** to display your user ID.

Forgot Your Password?

Answer the questions correctly in order to have your password reset.

The screenshot shows the 'Reset Password' form on the Montana Teachers' Retirement System website. The form includes the following fields and options:

- User ID: A text input field.
- Date of Birth: Three dropdown menus for MM, DD, and YYYY.
- Choose a Security Question: A dropdown menu.
- Security Answer: A text input field.
- Choose Your Hint Question: A dropdown menu.
- Hint Answer: A text input field.
- New Password: A text input field.
- Verify Password: A text input field.

Below the form, there is a paragraph of text explaining password requirements: "Because of the ubiquitous nature of web access and powerful password crackers, the TRS requires strong passwords for your protection. Your **User ID** needs to be between **6 and 12 characters**. Your **password** needs to be between **8 and 12 characters** and composed of at least **one number**, **one upper case letter**, and **one lower case letter**. Special characters can be used like: ~!#\$%^&*()-_+{}[]:"'<>.,/?\.. Passwords expire after 60 days. [Click here for more password help.](#)"

At the bottom of the form, there are two buttons: 'Reset Password' and 'Cancel'. A red arrow points from the 'Reset Password' button to the text 'Populate the required fields and click on Reset Password to reset the password to the one you choose.' below the form. The website header includes the 'mt.gov' logo and navigation links for Employers, Members, Retirees/Benefit Recipients, Calendar, Publications, TRS Board, TRS Staff, Help, and Home. The footer includes links for Privacy & Security, Accessibility, Contact TRS, and Search.

Populate the required fields and click on **Reset Password** to reset the password to the one you choose.

MEMBER FORMS

mt.gov
Montana's Official State Website

MONTANA TEACHERS' RETIREMENT SYSTEM

Employers | Members | Retirees/Benefit Recipients | Calendar | Publications | TRS Board | TRS Staff | Help | Home

Welcome to the Montana Teachers' Retirement System!

The TRS website provides 'Member Forms' necessary to maintain your personal information, assist you with retirement planning, and purchase service credit.

mt.gov
Montana's Official State Website

MONTANA TEACHERS' RETIREMENT SYSTEM

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Member Forms [Back](#)

Active Member Forms

- [Authorization for Release of Information \(Form 136\)](#)
- [Record for Membership \(Form 102\)](#)
- [Beneficiary Designation for Active Members \(Form 123\)](#)
- [Beneficiary Designation - Attachment for Active Members \(Form 123A\)](#)
- [Change of Mailing Address \(Form 116\)](#)
- [Request for an Estimate of Benefits \(Form 112\)](#)
- [Member/Benefit Recipient Name Change \(Form 29\)](#)

Purchasing Service Forms

- [Transfer of Service from PERS to TRS \(Form 110\)](#)
- [Verification of Service \(Form 101\)](#)
- [Verification of Substitute Teaching or Teacher's Aide Service \(Form 111\)](#)
- [Instructions for Pick-Up of Voluntary Employee Contributions](#)

Irrevocable Election Form

- [Termination Pay - Irrevocable Election Form \(Form 129\)](#)

To update personal information with TRS, print, complete, sign, and mail the appropriate form to the TRS office.

To obtain verification of previous employment, print, complete, and mail the appropriate form to that employer.



If you are unable to open the TRS forms, you will need to install Adobe Reader. The TRS website provides a link to allow the installation of Adobe Reader to your computer. Click on the link to install the software. It's free.

RELEASE OF INFORMATION



Some of the information TRS gathers, generates, and maintains from and about members and benefit recipients is confidential and will generally only be released to the member or benefit recipient.

The TRS receives many requests for information from banks, accountants, attorneys, spouses, and other interested parties. Even though most requests are made on behalf of the member or benefit recipient, state law prohibits the release of any confidential information unless the member authorizes the release in writing, or we are otherwise legally required to release the information. A member or benefit recipient may authorize the TRS to release information to another individual by completing, signing, and submitting an 'Authorization for Release of Information' form, which is available on the TRS website.

USE OF SOCIAL SECURITY NUMBERS



TRS requires that you provide us with your Social Security Number. This ensures that any amounts disbursed under your account are properly reported to the Internal Revenue Service (IRS). We also use it as a reference number for tracking all data with regard to your retirement account.

- IRC Sections 6041(A), and 6109 authorize TRS to solicit your Social Security Number.
- TRS will not disclose your Social Security Number to any party, unless required by law.

FREQUENTLY ASKED QUESTIONS

ADMINISTRATIVE

Q: If a TRS member gets divorced, will an ex-spouse have a right to any part of the member's retirement benefit from TRS?

A: A court with jurisdiction of a divorce action **may** issue an order that grants an ex-spouse a right to some portion of a member's TRS retirement benefit. The court must issue a Family Law Order (FLO), in compliance with the statutes and administrative rules pertaining to a FLO for TRS purposes. Refer to 'Family Law Order,' on Page 16; and the TRS website. If you have additional questions, contact TRS.

Q: Can a TRS member's benefit be reduced through garnishment or other legal process?

A: A member's TRS benefit may be subject to garnishment pursuant to a federal or state tax lien or pursuant to a child support order. As well, a portion of a member's TRS benefit may be ordered to be made payable to a former spouse, pursuant to a FLO. Refer to 'Family Law Order' on Page 16 and 'Exemption from the Legal Process' on Page 16. A member's TRS benefit is not otherwise generally subject to garnishment or legal process.

TRS WEBSITE

Q: What if I forget my User ID?

User ID

A: TRS does not keep record of a member's User ID. To view a User ID, click on 'Forgot your User ID?' Refer to Page 24.

Q: What if I forget my password?

Password

A: TRS does not keep record of a member's password. To reset a password, click on 'Forgot your password?' Refer to Page 24.

Q: How do I open the forms available on the TRS website?



A: You must have Adobe Reader—free, downloadable software—on your computer to open forms. The TRS website provides a link for installing Adobe Reader. Refer to 'Member Forms' on Page 25.

ACTIVE MEMBERSHIP

Q: Must a member designate a beneficiary for their account?

A: No, but it is highly recommended. Refer to 'Beneficiary Designation' on Page 33.

Q: Should a beneficiary notify TRS of the death of an active member?

A: Yes. Refer to 'Death Of Member Or Beneficiary' on Page 34.

Q: If a member is working on a part-time basis, how is average final compensation calculated?



A: To determine the compensation that a member would have earned, the compensation reported will be divided by the part-time service credited to the member's account. Refer to 'Average Final Compensation' on Page 37.

Q: If a member is not vested and has terminated their employment in a TRS covered position or has not contributed to their TRS account for several years, what happens to their retirement account?

A: Contact TRS to request information relative to the options available on your account. Refer to 'Inactive Non-Vested Member's Account' on Page 38; 'Vesting' on Page 39; and 'Withdrawal of the Account Balance' on Page 47.

Q: What is the maximum amount of service with which a member can receive credit?

A: There is no maximum amount of service that can be credited to a member's account. Refer to 'Full-Time Service' and 'Part-Time Service' on Page 39.

Q: When a member terminates employment in a TRS covered position, what are the options on their retirement account?

A: Vested members are eligible for a monthly retirement benefit or lump sum withdrawal of their contributions, plus interest. Refer to 'Vesting' on Page 39.

For information relative to eligibility for a monthly retirement benefit, refer to 'Retirement Benefits' on Page 47.

A: For information relative to a lump-sum withdrawal, refer to 'Withdrawal of the Account' on Page 47.

Q: What advantage is there in taking immediate steps to obtain credit for all service to which a member may be entitled?

A: Retirement benefits are calculated based upon the member's average final compensation and the total service credited to their account. As service increases, the benefit will increase proportionally. Refer to 'Service Credit Purchase Procedure' on Page 40.

Q: Can additional contributions paid to the retirement system for the purchase of service be tax deferred like the mandatory contributions?

A: Yes, if an employer has adopted a resolution allowing the 'pick-up' of tax deferred additional contributions and a member has signed an irrevocable election form. Refer to 'Service Credit Purchase Procedure' on Page 40.

In addition, a member may purchase service credit through a rollover. Refer to 'Rollover Of Contributions To Purchase Service' on Page 41.

Q: Can a member receive credit for active military service?



Yes, vested members can receive free service credit of up to four years for active military duty during the Korean Conflict and the Vietnam Conflict. Refer to 'Military Service' on Page 43.

Q: When should a TRS member begin retirement planning?



A: Notify TRS three to five years before your anticipated retirement to request an estimate of benefits. Refer to 'Countdown To Retirement' on Page 51; and 'Retirement Application Procedure' on Page 60.

Q: Is a monthly retirement benefit payment automatic when a member becomes eligible?

A: No. Contact TRS to request a Retirement Application Packet. Refer to 'Retirement Application Procedure' on Page 60.

Q: Does TRS pay a death benefit upon the death of an active member?

A: Yes. Refer to 'Death Benefit' and 'Survivor Benefit' on Page 63.

WITHDRAWAL OF ACCOUNT

Q: How do I request a withdrawal of my account?

A: Contact the TRS office to request a withdrawal form. Refer to 'Withdrawal of the Account Balance' on Page 47.

Q: May a member borrow from their TRS account?

A: No, the retirement law has no provision for personal loans. Refer to 'Withdrawal of the Account Balance' on Page 47.

Q: Is any part of a member's withdrawal subject to federal income tax?

A: Yes. Refer to 'Withdrawal of the Account Balance' on Page 47.

RETIRED PAYROLL

Q: When are monthly benefits payable?

A: Monthly benefits are payable on the last day of each month. Refer to 'Payment of a Monthly Benefit' on Page 63.

Q: Does TRS pay a death benefit?

A: Yes. Refer to 'Death Benefit' on Page 63.

Q: Should a beneficiary or joint annuitant notify TRS of a retired member's death?

A: Yes, it is required that TRS be notified immediately upon the death of a retiree. Refer to 'Death Benefit' on Page 63.

Q: Should a retired member notify TRS of a joint annuitant or beneficiary's death?

A: Yes, it is required that TRS be notified immediately upon the death of a joint annuitant or beneficiary. Refer to 'Death Benefit' on Page 63.

Q: Should a retired member notify TRS upon the divorce from their joint annuitant?



A: Yes, a retired member must notify TRS immediately of the divorce. Refer to 'Family Law Order' on Page 16; 'Divorce of Member and Beneficiary' on Page 34; and, 'Retirement Benefit Allowances' on Page 54.

Q: Who should a benefit recipient contact regarding health insurance?

A: Address all questions concerning insurance coverage to the retired member's former employer. Refer to 'Withhold Group Insurance Premiums' on Page 64.

Q: Will a benefit recipient receive an increase in their gross monthly benefit?



A: Yes, a 1.5% Guaranteed Annual Benefit Adjustment. Refer to 'Guaranteed Annual Benefit Adjustment' on Page 64.

Q: Is a retired member limited in the amount they can earned in a TRS reportable position, without affecting their eligibility to receive their monthly retirement benefit?

A: Yes. Refer to 'Employment and Earnings after Retirement' on Page 65.

Q: After retirement, can I work as an independent contractor?

A: That depends. Refer to 'Independent Contractor' on Page 65.

MEMBERSHIP

ACTIVE MEMBERSHIP



A person employed in a teaching or educational services capacity for at least 210 hours during the fiscal year must become a member of TRS.

Positions covered under TRS include: teachers, principals, vice-principals, district superintendents, county superintendents of schools, librarians, coaches, paraprofessionals providing instructional support, teacher's aides, speech therapists, school nurses, school psychologists, guidance counselors, study hall monitors, dean of students, curriculum specialists, and others employed in a teaching or educational services capacity or a professionally qualified person as defined

in §20-7-901, MCA of any public school, state agency, community college, or special education cooperative in the State of Montana. Any person hired into the position of school district clerk or business official may not become a member of TRS.

A retired member elected to the position of county superintendent or appointed to complete the term of an elected county superintendent must, within 30 days of taking office, file with the Board an irrevocable written election to become or not to become an active contributing member of TRS. A form to make this election is available from the TRS office. In addition, elected county superintendents are excluded from electing to participate in the Montana Public Employees' Retirement System.

Membership also applies to the State Superintendent of Public Instruction and any person employed as a teacher or in an educational services capacity by the Office of Public Instruction.

Optional membership applies to the university faculty members and administrators who at the time of employment with the University System have an active, inactive, or retired account with TRS. University employees who elect to participate in the Optional Retirement Program (ORP) are not eligible to participate in TRS. If a retired TRS member elects to participate in ORP, their benefit will be cancelled until they terminate all positions eligible to participate in TRS. As well, an active TRS member working part-time for the University System would not be eligible to participate in ORP.

TRS does not require teacher certification as a condition for membership. The TRS Board determines membership eligibility.

PART-TIME EMPLOYMENT



A person employed on a part-time basis in an educational service capacity for more than 210 hours during a fiscal year is required to be a member of TRS beginning on the first day of employment in each fiscal year. A person employed on a part-time basis **cannot** be a member if their employment is less than 210 hours. In addition, a person employed on a part-time basis who works in the University System and who participates in ORP is not eligible to participate in TRS.

Once a part-time employee becomes a member, they **must** continue to be a member each successive fiscal year while employed in a TRS covered position regardless of the number days or hours worked. Hourly employees will receive one full month of service credit for each month they work at least 140 hours and a full year's service credit if they work at least 140 hours a month during any nine months in the fiscal year.

SUBSTITUTE TEACHER, PART-TIME PARAPROFESSIONAL, OR TEACHER'S AIDE



A substitute teacher, part-time paraprofessional, or a part-time teacher's aide must make a written election to be a member of TRS on their first day of employment. The employer must retain the election form. However, once a substitute teacher, part-time paraprofessional, or part-time teacher's aide elects to become a member, they **must** continue to be a member each successive fiscal year while employed as a substitute teacher, part-time paraprofessional, or part-time teachers' aide. A part-time teacher's aide is defined as an individual who works less than seven hours per day assisting a certified teacher in the classroom.

If a substitute teacher, part-time paraprofessional, or part-time teacher's aide does not elect to be a member of TRS on their first day, it is mandatory they become a member after completing 30 days or 210 hours of employment in any fiscal year. They will then be required to continue to be a member in each successive fiscal year while in a capacity eligible for TRS membership.

A substitute teacher, part-time paraprofessional, or part-time teacher's aide who did not elect membership and subsequently becomes a member may purchase creditable service for the first 30 days or 210 hours of substitute teaching, part-time paraprofessional, or part-time teacher's aide service. To qualify this service, the member must contribute an amount equal to the combined employee-employer contribution rates that would have been made if they had elected membership on the first day of employment. In addition, interest will be charged at the actuarially assumed rate.

BENEFICIARY DESIGNATION



Beneficiary information is critical in the event of the member's death. The recipient of any survivor benefit will be the designated beneficiary on file with TRS. A member may wish to designate two or more persons to share equally as joint primary or joint contingent beneficiaries. Upon the death of an active, or an inactive vested member, each primary beneficiary designated will be entitled to their portion of any survivor benefit payable.

If a member has a change of beneficiary, they must complete a 'Beneficiary Designation for Active Members' form; provided on the TRS website. TRS presents the current designated primary and contingent beneficiary information on the member's annual statement of account. This information is also available when a member accesses the TRS website to view their account information. If the member is unsure of their primary and/or contingent beneficiary designation, they may check with TRS.

For your convenience, an 'Account Information' tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. It includes basic information about a member's beneficiary designation. The tutorial does not provide accurate, detailed calculations of any specific member's account.

DEATH OF MEMBER OR BENEFICIARY

Upon a member's death, notify TRS immediately to ensure their beneficiary receives their benefit in a timely manner.

DIVORCE OF MEMBER AND BENEFICIARY



All TRS members, active or retired, involved in a divorce proceeding should contact TRS immediately. For more information, please refer to 'Family Law Order' on Page 16, or on the TRS website.

CONTRIBUTIONS

EMPLOYEE CONTRIBUTION RATE



Employee contributions withheld from each member's gross pay are **not** subject to state or federal income tax withholding until actually received in the form of a monthly benefit allowance or a withdrawal.

TRS members are currently required to contribute 7.15% of their gross monthly salary before any other deduction.

A member may elect to have contributions deducted from their salary to purchase additional creditable service and/or termination pay on a tax-deferred basis. The IRS has established specific rules to follow before these elections are valid. Refer to 'Service Credit Purchase Procedure' on Page 40 for an explanation of the service purchase options available and the rules governing these elections.

EMPLOYER CONTRIBUTION RATE



Employer contributions to TRS are based on total payroll reported to the retirement system. These are **not** matching contributions allocated to individual members, but are placed in the trust fund and, together with investment earnings, provide funding for retirement benefits, death benefits, benefit enhancements, and amortization of the unfunded liability.

EARNED COMPENSATION



For an active member, earned compensation means remuneration, exclusive of maintenance, allowance, and expenses paid for services by a member out of funds controlled by an employer before any pre-tax deductions allowed under the IRC are deducted from the member's compensation. Elective deferrals made under a bona fide cafeteria plan under IRC Section 125 are considered earned compensation, but only to the extent the amounts would be includible in gross income under IRC Section 125(a).

Earned compensation does **not** include:

1. Direct employer premium payments on behalf of members for health or dependent care expense accounts or any employer contribution for health, medical, pharmaceutical, disability, life, vision, dental, or any other insurance;
2. Any employer payment or reimbursement for professional membership dues, maintenance, housing, day care, automobile, travel, lodging, entertaining expenses, or any similar payment for any form of maintenance, allowance, or expenses;
3. The imputed value of health, life, or disability insurance;
4. Any non-cash benefit provided by an employer to or on behalf of an employee; and
5. Income from work as a Ticket-taker, bus driver, playground aide, swimming monitor, or concession worker, etc.

If the amounts identified in 1 through 3 above have been converted by an employer to earned compensation for **all members** and have been continuously reported as earned compensation, in a like amount, for at least the five fiscal years preceding the member's retirement, the amounts may be included in the calculation of the AFC. If these amounts have been reported to TRS as earned compensation for fewer than five fiscal years, or if the member has been given the option to have the amounts reported as earned compensation, any amounts reported in the three year period that constitute AFC must be included in AFC as if the payments were termination pay under Option 2.

For each member retiring, the employer must certify to the board any benefit converted to earned compensation and the amounts reported to TRS in each of the five years that proceed the member's retirement.

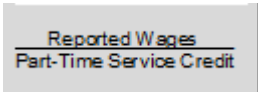
Adding an employer-paid or non-cash benefit to an employee's contract or subtracting the same or like amount as a pre-tax deduction is considered a fringe benefit and not earned compensation.

Earned compensation does **not** include lump sum or monthly payments in respect to or in lieu of unused accumulated sick or annual leave, excess leave balance payments, and any sort of early retirement incentive severance payment contingent upon the employee terminating employment. In addition, earned compensation does **not** include incentives or bonuses paid to a member that are not part of a series of annual payments.

For a retired member, earned compensation includes all remuneration paid to the retired member, excluding health insurance premiums paid by the employer on the retired member's behalf; the value of housing provided by the employer to the retired member; the amount of employment-related travel expenses reimbursed to the retired member by the employer; *de minimis* fringe benefits, as defined in 26 U.S.C. 132(e), paid by the employer to or on behalf of the retired member and any payroll taxes paid by the employer on behalf of the retired member.

AVERAGE FINAL COMPENSATION

Average final compensation (AFC) means the average of a member's earned compensation during the three consecutive years of full-time service yielding the highest average and on which contributions have been made.



The AFC for a member employed on a part-time basis with less than three consecutive years of full-time service during the five years preceding retirement is the compensation that the member would have earned in the final three years had the member's part-time service been full-time service. To determine the compensation that the member would have earned, the part-time compensation reported must be divided by the part-time service credited to the member's account each year.

CAUTION! Taking leave without pay during the period used in calculating AFC may result in a decrease in a monthly retirement benefit.

LIMITATION ON COMPENSATION INCREASES



Montana Code Annotated, Section 19-20-715, provides that the amount of each year's earned compensation used in calculating average final compensation may not exceed the member's earned compensation for the preceding year by more than 10%. It is the intent of the Legislature to provide equitable retirement benefits to all members of TRS based on their normal service and salary and to limit the effect on the retirement system of isolated increases received by selected individuals for promotion or one time salary enhancements during their last years of employment.

The only exemption under statute from the 10% statutory cap increase is the result of movement on the employers adopted salary matrix. For consideration of an exemption to the 10% statutory cap, you must request that your employer provide the TRS with a copy of the adopted salary matrixes. If you have compensation in addition to your base contract, TRS will also need copies of the extra duty contracts.

INTEREST CREDIT AND CHARGES



Interest accrues on contributions that have been on deposit with TRS for at least 30 days and is credited monthly to a member's account at the rate set annually by the TRS Board. The interest rate is not fixed by law but set by the TRS Board, effective July 1 of each fiscal year, and can vary as the investment market changes. The current interest rate is available on the TRS website at www.trs.mt.gov/help/ratetables.asp.

INACTIVE NON-VESTED MEMBER’S ACCOUNT



An inactive TRS member with less than five years of service may leave the account balance on deposit with TRS for a period of seven years. After seven years, the account will be deemed dormant and removed from the active member database until claimed by the member. Therefore, TRS encourages the withdrawal of the account.

Once an account has been removed from the active member database, a former member wishing to claim the account must contact TRS and provide two notarized forms of proof of identity. A notarized copy of a current driver’s license, passport, social security card, or a certified copy of a birth certificate are examples of documents that will be accepted as proof of identity.

QUALIFYING SERVICE

SERVICE CREDITS

MEMBERSHIP SERVICE

Membership service consists of all teaching service in Montana since 1937 for which contributions remain on deposit with TRS.

FULL-TIME SERVICE

‘Full-time service’ means service which is at least 180 days in a fiscal year, at least 140 hours a month during nine months in a fiscal year, or full-time under an alternative school calendar adopted by a school board that is less than 180 days but meets minimum accreditation requirements of 1,080 hours. A maximum of one year of creditable service is awarded for each fiscal year.

PART-TIME SERVICE

‘Part-time service’ means service that is less than full-time. Part-time service credit will be calculated based on the total number of hours, days, or months reported to TRS, divided by the number of hours, days, or months of equivalent full-time service. Seven hours per day is considered a full-time day.

VESTING

To be vested in TRS a member must complete five full-time years of membership service, or part-time service, which totals five years of full-time service, and on which contributions have been paid. A vested member is entitled to a retirement and disability benefit, if otherwise qualified. In addition, the designated beneficiary may be entitled to a survivor benefit.

If a member is no longer employed in a position that would qualify for membership in TRS, and does not withdraw the account balance, the vested status will be retained. An annual statement is printed and mailed directly to the home address on file. Please notify the TRS office of any address change.

PURCHASING SERVICE

For your convenience, a 'Service Purchase' tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. The tutorial provides basic information about qualifying additional years of service in a member's retirement account, if applicable. It does not provide accurate, detailed account calculations for a specific member.

LIMIT ON CREDITABLE SERVICE AWARDED

A member joining TRS on or after July 1, 1973, may not be awarded more than five years of creditable service in any combination of out-of-state service, federal service, military service, private school service, extension service, service while on leave, or Montana University Optional Retirement Program (ORP) service. Retirees returning to active service may not purchase creditable service for the same period that the retiree was receiving a retirement benefit.

SERVICE CREDIT PURCHASE PROCEDURE

All service credit purchases must be completed while you are an active contributing member.

Creditable service may be qualified from several sources. Work history and the dates of employment in a position reported to TRS will determine the cost and types of service that a member may be eligible to purchase. To determine eligibility to purchase service a member should contact the TRS office early in their career.

PAYROLL DEDUCTION – TAX DEFERRED

Each employer has the option of making available to TRS members the opportunity to purchase service credit through payroll deduction with tax-deferred contributions. Before any member would be eligible to purchase service with tax-deferred dollars, the employer must adopt a Model Resolution that has been approved by the IRS. The employee must request from TRS and return to their employer a signed 'Service Purchase—Irrevocable Election Form.' If a written application to purchase service is signed prior to July 1, 2012, interest must be paid at the rate the member's account would have earned had the contributions been in their account from the eligibility date to purchase the service. If the written application is signed after July 1, 2012, interest must be paid at the actuarial assumed rate in effect.

PERSONAL PAYMENT

A TRS member may purchase additional service by personal payment with post-taxed dollars. Post-tax additional contributions remitted to TRS are subject to the IRC limits under Section 415(c). Section 415(c) may limit the amount of contributions that a member can make with post-tax dollars. Contact TRS for the applicable dollar limits.

ROLLOVER OF CONTRIBUTIONS

Service credit in TRS may be purchased through a rollover from another public retirement plan qualified under Section 401(a) or 401(k) of the IRC, a 403(b) tax-sheltered annuity, or a governmental 457(b) deferred compensation plan. A rollover may also be accepted from a traditional individual retirement account (IRA). If a member wishes to initiate a rollover for purchasing service credit in TRS, please contact the administrator of the qualified plan for eligibility requirements.

To be eligible to rollover contributions into TRS, a member must be vested and be eligible to purchase service. The member must contact TRS to obtain the cost of the service to be purchased and any necessary forms.

The purchase of service must be completed before TRS processes the member's application for retirement. Service that has been purchased prior to applying for a monthly retirement benefit will be used in the calculation of the benefit, resulting in a larger monthly income.

In the event of a member's death or disability while in the process of purchasing service credits, additional service shall be credited based on an amount paid as of the date of death or disability. However, in the case of death, the balance due may be paid from the member's estate. If the balance due is received prior to the payment of the benefit, the additional service will be credited to their account and used in the calculation of the monthly benefit.

NOTE: Only active or inactive vested members are eligible to purchase service. Do not wait until the year of termination to contact TRS; this will leave a member very little time to plan their retirement. Service may not be purchased after retirement.

SERVICE ELIGIBLE FOR PURCHASE

REPAYMENT OF A WITHDRAWAL

**Withdrawn
TRS
Service**

Upon re-employment in a position covered by TRS, a member who withdrew Montana TRS contributions may be eligible to redeposit the amounts withdrawn, plus interest, and receive credit for prior service.

To be eligible to redeposit previously withdrawn Montana TRS service, a member must be an active, contributing member of TRS, or an inactive vested member. Each withdrawal must be re-deposited before credit can be reinstated. Should the member have several withdrawals and only desire to redeposit a portion of the previous service, it is required that the member redeposit the most recent withdrawal first.

Upon receipt of a request to redeposit previous service, the member will be notified of the redeposit amount and the service that will be reinstated after completing payment. Interest will be charged from the date of each withdrawal or July 1, 1971, whichever is later.

TRANSFER OF MEMBERSHIP

(A) PERS TO TRS



An active TRS member who was a member of the Montana Public Employees' Retirement System (PERS) prior to becoming a member of TRS, may at any time before retirement, make a written election with TRS to transfer service from the PERS. Upon receipt of a written request to transfer their PERS service, the account balance under the PERS will be transferred to TRS. If the PERS account has been withdrawn, TRS will advise the member of the cost to redeposit their PERS service under TRS.

Service from the PERS may not be used to qualify for eligibility to purchase military service, out-of-state teaching service, service while on leave, private teaching service, extension service, or ORP service under TRS. The TRS Board shall determine the service credits that may be transferred.

If a TRS member has an inactive account on deposit with the PERS and dies before qualifying this service in TRS, and the service credits from both systems, when combined, entitle the designated beneficiary to a monthly benefit, TRS will pay a monthly benefit to the designated beneficiary provided the contributions necessary to qualify this service are transferred to TRS.

If TRS determines that membership was erroneously classified under PERS, the accumulated contributions and service must be transferred to TRS. Any employee and employer contributions due plus interest, are the liability of the employee and the employing entity where the error occurred.

TRS members may purchase creditable service for their time spent as a participant in the PERS defined contribution plan. Creditable service purchased must be determined according to the laws and rules governing service credit in PERS.

(B) TRS TO PERS



For information on transferring TRS service to PERS, please contact:

MONTANA PUBLIC EMPLOYEES' RETIREMENT ADMINISTRATION
PO Box 200131
Helena, MT 59620-0131
406-444-3154
1-877-275-7372

OUT-OF-STATE TEACHING SERVICE



A member with five or more years of membership service in TRS may purchase creditable service for out-of-state teaching service performed within the United States and its territories or possessions that would have been acceptable if the service had been performed in Montana. A member may also be eligible under certain circumstances to qualify teaching service performed outside the United States. To obtain verification of previous work experience, a member may access the TRS website to obtain the ‘Verification of Service’ form.

A member who contributed to a public retirement plan other than Social Security while performing the out-of-state service, must receive a withdrawal of the contributions from the other state before qualifying this service in Montana, or rollover their out-of-state public retirement account. A member may not purchase out-of-state service if service credit is granted for the same service in another state.

SERVICE WHILE ON LEAVE



With five years or more of membership service in TRS, a member is eligible to purchase up to two years of creditable service for a break in service. You must have been a member prior to the leave and complete of one full year of membership service in Montana subsequent to the return to a TRS covered position.

MILITARY SERVICE



A member who has five years or more of membership service in TRS, and has active duty service in the Army, Navy, Marine Corp, Air Force, or Coast Guard during the Korean or Vietnam Conflict, may submit a copy of military papers indicating the date of entry into active duty and the date of separation. The member may receive up to four years of military service credit at no cost, provided the active duty was performed between the following dates:

Korean Conflict - June 1, 1950 through January 31, 1955
Vietnam Conflict -December 22, 1961 through May 7, 1975

If a member is not eligible for military service at no cost, based upon their separation dates from active military, up to two years of active military service are eligible for purchase.

The date of entry to active duty and the date of separation from active duty are provided on Form DD-214 or a Retirement Credits Record. A copy of Form DD-214, or a Retirement Credits Record, may be obtained by calling 314-801-0800 or writing to the following address:

GENERAL SERVICES ADMINISTRATION
MILITARY NATIONAL PERSONNEL RECORDS CENTER
9700 Page Blvd.
St. Louis, MO 63132

To download the application to obtain a Form DD-214 access the Military National Personnel Records Center website at <http://www.nara.gov>.

UNIFORMED SERVICES EMPLOYMENT AND RE-EMPLOYMENT RIGHTS ACT (USERRA)



USERRA is a federal law that provides certain protections for employees who take time away from civilian employment, voluntarily or involuntarily, to serve in the uniformed services. In general, USERRA provides re-employment rights to employees who leave civilian employment for certain active and inactive duty assignments in any of the Armed Forces of the United States, the Army National Guard or Air National Guard, or the commissioned corps of the Public Health Service. It also applies to other categories of persons designated by the President in times of war or national emergency.



USERRA is a complex law that applies only to certain uniformed service duty assignments. The law describes eligibility criteria for employees who want to safeguard and or exercise their rights under USERRA, including time limits on active duty service for which an employer is required to provide re-employment rights and limited timeframes for requesting re-employment. Contact your employer with any questions on whether USERRA applies to your particular uniformed service duty assignment.

How USERRA Protects a Member's Retirement Benefit

Upon re-employment with the pre-service employer following a period of qualifying uniformed service, a TRS member is entitled to receive creditable service by 'making up' the contributions that would have been made to the retirement system had the member remained employed. A member may choose to make up the employee contributions for all or a portion of the qualifying time spent in uniformed service, and will receive service credit accordingly. These employee contributions are interest free if paid within five years of re-employment.

In addition, the employer must make the employer contributions for any period-of-time for which the member makes up the employee contributions.

Safeguarding Your Rights Under USERRA



A member's rights, pursuant to USERRA, to make up contributions and receive creditable service with the retirement system for a qualifying period of uniformed service is conditioned upon a member's re-employment with their pre-service employer in conformity with the eligibility criteria set forth in USERRA. A member should notify their employer of their need to leave employment for uniformed service as far in advance of the uniformed service assignment as possible in order that the member and the employer can ensure that each understand and can fulfill all of the responsibilities for re-employment.

Upon re-employment, a member should contact TRS at their earliest convenience for additional information and instructions regarding information needed by the retirement system and how to make up the member contributions.

Additional Resources On USERRA



The US Secretary of Labor provides assistance with respect to the rights and benefits to which TRS members are entitled under USERRA. General information about USERRA and contact information from the Office of the Assistant Secretary for Veterans' Employment and Training may be obtained at www.dol.gov/vets/programs/userra.

PRIVATE SCHOOL EMPLOYMENT



A member may apply to purchase creditable service for teaching in a private elementary, secondary, post-secondary educational institution, or special purpose school. The term 'educational institution' means an institution or school that normally maintains a regular faculty and curriculum and normally has a regular organized body of students in attendance at the place where its educational activities are carried on and has been accredited by either the state in which it operates or a recognized association. A school or other function operated in a private home will not be considered an 'educational institution.'

A member applying to purchase private teaching service must have been in compliance with the certification requirements of the state (or federal agency) in which the institution was located at the time the service was performed.

A TRS member who has been credited with five full years of membership service with at least one full year following employment in a private elementary or post-secondary school, may purchase up to five years of private school employment provided the service was of an instructional nature or the member was an administrative officer or a member of the scientific staff.

To obtain verification of previous work experience, a member may contact the TRS office to request a form to verify service. The form is also available on the TRS website.

MONTANA UNIVERSITY OPTIONAL RETIREMENT PROGRAM SERVICE



Creditable service may be purchased in TRS for service with the Montana university system covered under ORP. A TRS member who has been credited with five full years of membership service with at least one full year following employment covered under ORP may purchase up to five years of creditable service. The cost to purchase this service will be the actuarial cost as of the most recent actuarial valuation.

To obtain verification of previous work experience, a member may contact the TRS office to request a form to verify service. The form is also available on the TRS website.

Contributions contributed to ORP must have been withdrawn by the participating member, or they may be rolled over to TRS toward the cost to purchase the service.

WORKERS' COMPENSATION



A TRS member injured while employed in a position covered under TRS may purchase time lost, covered under Workers' Compensation, after they return to work. A member may purchase a maximum of two years of service.

SUBSTITUTE TEACHING, PARAPROFESSIONAL, OR PART-TIME TEACHER'S AIDE SERVICE



A substitute teacher, paraprofessional, or part-time teacher's aide, who did not elect membership on the first day of employment and who subsequently became a member, may purchase the days not reported and receive credit for this service. To be eligible to qualify this service, the member must be an active, contributing member of TRS. The employer must verify the days worked and gross wages earned.

To obtain verification of previous work experience, a member may contact the TRS office to request the 'Verification of Substitute Teaching or Teacher's Aide Service' form. The form is also available on the TRS website.

RETIREMENT BENEFITS

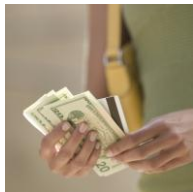
TERMINATION



Eligibility for a withdrawal of the account balance or a monthly retirement benefit is dependent on a member terminating **all** employment with each employer. A member's written application for a monthly retirement allowance must include a statement certifying there has been a bona fide separation from service, including whether there are any intentions to be re-employed with the same employer that would be prohibited under the Internal Revenue Code (IRC). A member retiring under an early retirement would not be eligible to receive a benefit if there is a pre-arranged agreement to return to work for the same employer. If the retiree is normal retirement age but is less than age 59 ½ and there is a pre-arranged agreement to return to work for the same employer, the benefit may be subject to an IRS 10% early withdrawal penalty.

Termination means that the member has severed the employment relationship with each employer and that all, if any, payments due upon termination of employment, including but not limited to accrued sick and annual leave balances, have been paid to them. Members employed by a K-12 employer who leave that employment for a position in the University System and elect to participate in ORP in lieu of participating in TRS, will be considered an inactive member not eligible to apply for and receive a TRS retirement benefit.

WITHDRAWAL OF THE ACCOUNT BALANCE



A member who is no longer employed in a position eligible to participate in TRS may request a withdrawal of the account balance, which represents personal contributions, plus interest. No partial withdrawal is allowed. Termination of a contract does not automatically qualify a member for a withdrawal. If the member leaves one school district for employment in another district or with the University System, they are **not** eligible for a withdrawal.

The 'Application for Withdrawal of Member's Deposit of Contributions and Interest' form **must** be requested from TRS. A withdrawal request will not be processed until all contributions have been received from the member's employer. Each employer is required to submit the member's contributions to TRS by the 15th of the month following the month the wages were paid. After receipt of the properly completed application for withdrawal and the employer's report, the withdrawal will be processed with the next regularly scheduled refund cycle.

Payment of a withdrawal may be made in two ways: (1) as a direct rollover of the taxable amount to another eligible retirement plan or a Roth IRA, with the balance paid to the member or; (2) the entire account (employee's contributions plus interest) paid directly to the member.

If a member receives a withdrawal, TRS is required to withhold federal income taxes at a rate of 20% of the taxable portion, to be credited against any federal income taxes owed by the member. The withholding is **mandatory** unless the withdrawal is less than \$200.00.

An annual tax form 1099-R will be provided to show how much of the total distribution is subject to Federal and Montana state income taxes, and the amount withheld. The withdrawal may also be subject to an additional 10% federal early distribution penalty **unless** it is received after the member attains age 59 1/2, has become disabled, or has died. Refer to the IRS Publication 575 for further information.

CAUTION! Requesting a withdrawal of your TRS contributions and interest, cancels all membership privileges, beneficiary designation, service credit, and rights to monthly retirement benefits and disability benefits.

ELIGIBILITY FOR A RETIREMENT BENEFIT



A member who has terminated TRS covered employment may apply for a retirement benefit provided:

- (1) The member has attained age 60 with at least five full years of creditable service, or;
- (2) The member has been credited with 25 or more years of creditable service, in which case they are eligible for full retirement regardless of age, or;
- (3) The member has part-time service in 25 or more fiscal years, in which case they are eligible for a regular retirement regardless of age, or;
- (4) The member has at least five years of creditable service and has attained the age of 50 (early retirement).

If a member has at least five full years of creditable service but fewer than 25 years, they may retire as early as age 50 with a reduced benefit. The reduction is an actuarial adjustment (actuarially equivalent factors based on the most recent valuation of the system) based on the number of months the member is short of 25 years of service or age 60, whichever is less.



For example: A member who retires at age 50 with 23 years of service would have a benefit reduction of 17%.

A member who retires at age 50 with 10 years of service would realize a reduction of 59%.

The formula for determining a retirement benefit can be stated as follows:

$$\begin{array}{c} \text{Years of Service} \\ \times \\ \text{Average Final Compensation} \\ \times \\ 1.6667\% \end{array}$$

January	February	March
April	May	June
July	August	September
October	November	December

The result is an Annual Benefit, paid over 12 equal payments.

Distribution of a member's benefit must begin by the latter of:

- The first of the month following the month in which a member attains age 70 ½, if the member is an inactive vested member, or
- The first of the month following termination if the member is employed past age 70 ½.

If a member fails to apply for the retirement benefit by the latter of either of those dates, TRS **must** begin distribution of the monthly benefit under the 10 Year Certain & Life allowance. Information relative to the Period Certain & Life allowances is available on Page 54.

EFFECTIVE RETIREMENT DATE



The effective date of retirement will normally be the first of the month following a member's date of termination. A member terminating employment before attaining 25 years of service may delay receipt of a benefit until their 50th birthday (early retirement), or until their 60th birthday (normal retirement), or until any date in between.

RETIREMENT EDUCATION

Retirement planning requires an understanding of the retirement system and plan options. Take time to become informed regarding all of the choices to be made before formally applying for your monthly retirement benefit.

For your convenience, a 'Benefit Estimator' tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. The tutorial provides basic information about the calculation of a retirement benefit as well as the use of the 'On-line Benefit Calculator.' The tutorial does not provide accurate, detailed calculations of any specific member's account or retirement benefit.

TRS has three methods available to begin the retirement planning process.



One method for planning retirement is to use an on-line benefit estimator via the TRS website. The benefit estimator will enable a member to begin retirement planning prior to the anticipated retirement date, in the privacy of a home or office.



A member employed on an hourly or part-time basis, or a member who prefers to have TRS staff provide an estimate of benefits, may access the TRS website to print the 'Request for An Estimate of Benefits' form. Print, complete, and mail the properly completed form to TRS. TRS will then mail an 'Estimate of Benefits' to the member's home mailing address.



A member may call or write TRS to request an 'Estimate of Benefits.' TRS will request specific information in order to provide the most accurate estimate possible.

Each of these methods for retirement planning will provide valuable information relative to your retirement decisions. At the time of the decision to terminate employment and apply for a monthly retirement benefit, a member must contact the TRS office to request a 'Retirement Application Packet.'

COUNTDOWN TO RETIREMENT



TRS encourages you to take ownership of your retirement account. For your convenience, tutorials are available on the TRS website. The tutorials are intended for educational purposes only, providing basic information about retirement accounts and retirement planning. They should **not** be used for accurate, detailed calculations of any specific member's account or retirement benefit.

TRS also encourages each member to begin planning for retirement three to five years prior to the anticipated termination and retirement date. In the fall of each year, members receive an Annual Statement of Account providing the contributions, accumulated interest and total amount in their account, as well as creditable service for the fiscal year ending June 30. Upon receipt of the statement of account, we encourage members to review and compare the 'Creditable Service' to their work history. If the service credit presented on the statement of account does not agree with the work history, contact TRS to request a review of the account.

Eligible members planning to purchase service should contact the TRS office as early in their career as possible. The purchase of service must be completed before TRS processes the member's application for retirement. Please allow adequate time to plan for retirement, including time to consider the payment options for purchasing service. Service may not be purchased after retirement. The following are some things to think about as the countdown to retirement begins.

24 Months to Retirement



Contact your employer for an estimated dollar amount of termination pay, if applicable, to be used on the On-Line Benefit Estimator.

- Use the On-line Benefit Estimator on the TRS website to estimate a retirement pension and explore the various allowances, or request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit, if applicable.
- Contact the TRS office to request assistance with retirement planning. To schedule an appointment for personal counseling, please contact the TRS office.
- Become familiar with the resources provided on the TRS website.
- Begin studying the benefit allowances available.
- Review the collective bargaining master agreement, if applicable, for clarification of the employer's expectation for notification of the intention to terminate employment.

- When purchasing service credit, allow adequate time to complete the purchase of service while still an active (working) member of TRS.
- If an active or deferred member divorces and the court orders a portion of the pension be made payable to an alternate payee by TRS, a FLO must be on file with TRS before the retirement effective date.

12 Months to Retirement

- Contact the employer for an updated estimate of anticipated termination pay, if applicable, to be used on the On-Line Benefit Estimator to estimate your retirement pension and explore the various allowances, or request an estimate from TRS.
- Become familiar with the use of termination pay in the calculation of a monthly retirement benefit, if applicable. Contact TRS about the tax-deferred option available on termination pay. Request a 'Termination Pay – Irrevocable Election Form.'
- Contact the TRS office to request additional assistance with retirement planning. To schedule an appointment for personal counseling, please contact the TRS office.
- Watch for updates on the TRS website.
- Become familiar with any health insurance programs offered through your employer. TRS does not have a health insurance program for retirees.

6 Months to Retirement



- Request a retirement application packet from TRS.
- If a member has any questions about the application process, contact a Benefits Officer with TRS.
- Carefully review the benefit allowances and decide which one best meets your needs. After retirement and once you've received your first monthly benefit, the benefit allowance elected is irrevocable, except in the case of death or divorce.
- Submit the completed retirement application packet to TRS, including any supporting documents requested by TRS.
- Submit the 'Pre-Arranged Re-Employment Certification' form to your employer.
- Submit the 'Retirement Termination Pay' form to your employer.
- If you plan to work after retirement, have a clear understanding of the impact postretirement earnings could have on your monthly retirement benefit. A pre-arranged agreement to return to work with the same employer (in any position) may also affect eligibility for a retirement benefit and/or taxation of the pension.

3 Months to Retirement

- There is still time to submit the retirement application packet and any other forms to TRS. Be sure to include any supporting documents requested by TRS.
- Verify all service credit purchases are complete before terminating employment.
- Review the health insurance plans offered by the employer. Sign and submit the 'Authorization for Deduction of Health Insurance' form provided in the 'Retirement Application Packet' to the employer to authorize a payroll deduction of health insurance premiums.

RETIRED AT LAST!

- TRS will confirm the 'estimated' gross monthly benefit amount, in writing.
- TRS will provide a Benefit Recipient's Retirement Plan Handbook.
- The monthly benefit is payable the last day of each month.
- TRS will perform a final audit of the member's account, after the employer reports all contributions, within approximately 90 days of the effective retirement date.
- Following the final audit, TRS will confirm the actual gross monthly benefit amount, in writing.
- If the final audit results in an adjusted benefit amount, TRS will adjust the monthly benefit retroactive to the effective retirement date.
- As of January 1 of each year, all benefit recipients who have been receiving a benefit for at least 36 months will receive a Guaranteed Annual Benefit Adjustment (GABA) of 1.5% with payment of the January benefit each year.
- **ENJOY RETIREMENT!**



RETIREMENT BENEFIT ALLOWANCES

The amount of a retiree's monthly benefit will depend upon the benefit allowance elected. The Normal Form allowance is the largest monthly benefit amount, payable for the member's life only. A Period Certain & Life allowance pays for a guaranteed period (10 or 20 years) or for the retiree's lifetime, whichever is greater. By electing a Period Certain & Life allowance, an actuarial factor will be applied to the Normal Form allowance. Under the Normal Form, 10-Year or 20-Year Certain & Life, a member may designate multiple primary beneficiaries.

NORMAL FORM – Payable for Member's Lifetime

Upon the member's death, prior to receiving benefits equal to the member's account balance at retirement, the remainder will be payable to the designated beneficiary.

10-YEAR CERTAIN & LIFE - Greater of Member's Lifetime or 10 Years

If the member dies within the 10-year period from the effective retirement date, the monthly benefit will continue to be paid to the designated beneficiary for the remainder of the 10-year period. To select the 10-Year Certain and Life allowance, the member must be age 75 or less.

20-YEAR CERTAIN & LIFE - Greater of Member's Lifetime or 20 Years

If the member dies within the 20-year period from the effective retirement date, the monthly benefit will continue to be paid to the designated beneficiary for the remainder of the 20-year period. To select the 20-Year Certain and Life allowance, the member must be age 65 or less.

A retiring member may elect Option A, B, or C to provide protection for their designated beneficiary. The member pays for this protection by accepting a smaller monthly benefit while the designated beneficiary is alive. The amount of the benefit will depend on the ages of both the member and the beneficiary at the time of retirement, applying an actuarial reduction to fund the benefit through two lifetimes. Under Option A, B, or C, the member may designate only one primary beneficiary.

OPTION A - Joint and Full to the Beneficiary

Upon the member's death, the joint annuitant, if living, will continue to receive the same monthly amount during the remainder of their lifetime.

OPTION B - Joint and One-Half to the Beneficiary

Upon the member's death, the joint annuitant, if living, will receive one-half (1/2) of the benefit during the remainder of their lifetime.

OPTION C - Joint and Two-Thirds to the Beneficiary

Upon the member's death, the joint annuitant, if living, will receive two-thirds (2/3) of the benefit during the remainder of their lifetime.

Under the 'Incidental Benefit Rule' IRC Section 401(a)(9), if the joint annuitant is not the member's spouse, the allowance available under Option A, B, or C, may be limited. Please contact TRS for further information on the allowances available.

Once a retirement benefit allowance is elected and the first monthly benefit is received, that allowance is **irrevocable**, except in death or divorce, if the retired member elected Option A, B, or C.

A member who retired under the Normal Form or a Period Certain & Life allowance may name a new beneficiary at any time. It is important to carefully study your future financial commitments prior to retirement. TRS staff is available to assist in making the best decision. Each member must make the benefit allowance election.

If a TRS member retired **after** October 1, 1993, and the joint annuitant designated at the time of retirement precedes the retiree in death, and the retiree elected Option A, B, or C, the '**Pop-Up Provision**' allows the retirement benefit allowance to return to the full Normal Form amount, plus any GABA increases the retiree may have received. The effective date of the change shall be the first of the month following the joint annuitant's date of death; however, the benefit cannot commence until TRS has received a certified copy of the death certificate. The retired member may, within the 18 months following the joint annuitant's date of death, file a written application to name a new joint annuitant and select a new Option A, B, or C.

In case of divorce, a retiree is eligible to name a new beneficiary and change to the Normal Form only if the original beneficiary has not been granted the right to be retained or designated as the member's beneficiary as part of the divorce/property settlement. In addition, if the retired member elected Option A, B, or C at the time of retirement and the joint annuitant is not granted any right to the TRS benefit, the retired member may, within the 18 months following the divorce of the original joint annuitant, file a written application to name a new joint annuitant and select a new Option A, B, or C. Refer to 'Family Law Order' on Page 16.

TERMINATION PAY OPTIONS

For your convenience, a 'Termination Pay' tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. It provides basic information about the calculation of employee and employer contributions due on termination pay. The tutorial does not provide accurate, detailed calculations of any specific member's account or retirement benefit.

Termination pay includes any form of:

- Vacation pay
- Sick leave
- Severance pay

Amounts provided under an early termination incentive plan or other payments contingent on a member terminating employment, and are being paid at the time of termination and retirement.



A member is required to pay additional employee contributions to TRS in order to help fund the benefit increase the member will receive by including termination pay in the calculation of the monthly retirement benefit.

There are three options available to a member relative to termination pay. The option selected will determine how that payment is processed.

Termination pay does not include amounts that are not wages and amounts that are payable to a member from a plan for deferral of compensation under Section 457(f) of the IRC. If at the time of termination and retirement, a member receives any termination pay, the member must select one of three options.

OPTION 1

Add the total termination pay amount to the calculation of the member's AFC. The member and employer must pay the actuarially required contributions as are determined by the TRS Board, to adequately compensate the system for the additional retirement benefit. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

Option 1 - Example: A member at age 60 with 30.00 years of service receiving \$5,000.00 in termination pay could increase their benefit \$69.44 per month under Option 1.

$$\begin{array}{rclclcl} \frac{\$ 5,000.00}{\text{Termination Pay}} & \times & \frac{3.36\%}{\text{Employee Rate}} & \times & \frac{30.00}{\text{Years of Service}} & = & \frac{\$ 5,040.00}{\text{Employee Cost}} \\ \frac{\$ 5,000.00}{\text{Termination Pay}} & \times & \frac{3.51\%}{\text{Employer Rate}} & \times & \frac{30.00}{\text{Years of Service}} & = & \frac{\$ 5,265.00}{\text{Employer Cost}} \end{array}$$

OPTION 2

Use a yearly amount of termination pay added to each of the three consecutive year's salary used in the calculation of the member's AFC. Termination pay is divided by the member's total number of years of creditable service to determine a yearly amount. The retiree and the employer shall pay the regular contribution rate on the termination pay. The contributions must be made at the time of termination and submitted to TRS by the 15th of the month following the month in which the member terminates employment.

Termination Pay Cost Calculation - Option 2

Employee cost: 7.150% X Termination Pay

Employer cost: 9.850% X Termination Pay

Option 2 - Example: A member who has \$5,000.00 in termination pay and 30.00 years of creditable service could increase their monthly benefit by \$6.94 under Option 2. This calculation is determined by adding \$166.67 to each of the three salaries used in the calculation of the member's AFC (\$5,000.00 ÷ 30.00 = \$166.67).

$$\begin{array}{rclclcl} \frac{\$ 5,000.00}{\text{Termination Pay}} & \times & \frac{7.150\%}{\text{Employee Rate}} & = & \frac{\$ 357.50}{\text{Employee Cost}} \\ \frac{\$ 5,000.00}{\text{Termination Pay}} & \times & \frac{9.850\%}{\text{Employer Rate}} & = & \frac{\$ 492.50}{\text{Employer Cost}} \end{array}$$

OPTION 3

Exclude the termination pay from the calculation of the member's AFC. No contribution is required of either the retiree or the employer. TRS will return any contributions reported in error to the employer, for distribution of the employee contribution to the member.

TERMINATION PAY – IRREVOCABLE ELECTION



If a member elects to include termination pay in the calculation of AFC under Option 1 or Option 2, they have the option to have employee contributions deducted by the employer from termination pay on a tax-deferred basis. Before a member would be eligible to have employee contributions due on termination pay paid with tax-deferred dollars, the member and the employer must sign the 'Termination Pay – Irrevocable Election Form' at least 90 calendar days prior to the member's date of termination (i.e., the last day in the classroom or school). Please visit the TRS website for the form and instructions. Signing the 'Termination Pay – Irrevocable Election Form' is not a commitment of retirement on a specific date.

Before electing to have tax-deferred contributions deducted from termination pay, please request an estimate of benefits from TRS to help you plan for any out of pocket termination pay expense. A member who fails to properly execute the irrevocable election form 90 calendar days prior to termination may still elect to include termination pay under either Option 1 or 2 in the calculation of AFC.

A member who has not executed the 'Termination Pay – Irrevocable Election Form' must remit the employee contributions on termination pay with taxed dollars. The member must send TRS a personal check for the total amount due. Contributions are due by the 15th of the month following the member's date of termination. Please note, however, Section 415(c) of the IRC limits the amount of contributions that a member may make with after-tax dollars. Contact TRS for additional information regarding Section 415(c) limits.

ESTIMATE OF BENEFITS – EXAMPLE

NAME: Joe Member
SSN: 123-45-6789

RETIREMENT DATE: July 1, 2011
RETIREMENT TYPE: Regular

THE FOLLOWING FACTORS ARE USED TO CALCULATE THIS MONTHLY BENEFIT:

Member's Date Of Birth: 02/06/1951

Beneficiary's Date Of Birth: 06/13/1957

Creditable Service Years: 30.00

Highest 3 Years Salary:

Fiscal Year 2007-08 \$38,000.00
 Fiscal Year 2008-09 \$39,000.00
 Fiscal Year 2009-10 \$40,000.00

Termination Pay: \$5,000.00

Average Final Compensation

Option 1	Option 2	Option 3
\$40,666.67	\$39,166.67	\$39,000.00

ESTIMATED RETIREMENT BENEFITS ALLOWANCES AND OPTIONS:

Retirement Income Options		Termination Pay Options		
		Option 1	Option 2	Option 3
Normal	Payable for Member's Life Only	\$1,694.44	\$1,631.94	\$1,625.00
A:	Joint & Full to Beneficiary	\$1,546.68	\$1,489.63	\$1,483.30
B:	Joint & 1/2 to Beneficiary	\$1,617.17	\$1,557.52	\$1,550.90
C:	Joint & 2/3 to Beneficiary	\$1,592.94	\$1,534.19	\$1,527.66
Period Certain & Life				
	10 Year Term	\$1,675.63	\$1,613.83	\$1,606.96
	20 Year Term	\$1,604.13	\$1,544.96	\$1,538.39

TERMINATION PAY COST CALCULATION

Employee Cost of this Option	\$ 5,040.00	\$ 357.50	N/A
Employer Cost of this Option	\$ 5,265.00	\$ 492.50	N/A
Increase Over 'Normal' Benefit	\$ 69.44	\$ 6.94	N/A

RETIREMENT APPLICATION PROCEDURE

For your convenience, a 'Retirement Education' tutorial is available on the TRS website. The information provided in this tutorial is for educational purposes only. The tutorial provides basic information about the retirement benefit formula and allowances. It does not provide accurate, detailed calculations of any specific member's account or retirement benefit.

A member considering retirement should contact TRS at least six months prior to the effective retirement date to request an estimate of benefits and a retirement application packet. A 'Request For an Estimate of Benefits' form is available on the TRS website.

~~A delay in the payment of your benefit may occur if the proper documentation is not submitted at the time of application.~~



A member retiring in the current fiscal year will receive a retirement application packet. Return the packet to TRS at least 60 days prior to the date of termination.

Upon receipt of a properly completed retirement application packet, TRS will provide written confirmation of the monthly benefit amount and a copy of the 'Benefit Recipient's Retirement Plan Handbook.'

NOTE: Please call the TRS office to schedule a personal appointment for assistance with retirement planning.

DISABILITY RETIREMENT BENEFIT

ELIGIBILITY FOR A DISABILITY RETIREMENT BENEFIT



If a member becomes disabled and cannot continue to perform the primary duties of their position covered under TRS, they may be eligible for a disability benefit, provided:

- (1) The member has five or more years of creditable service in TRS;
- (2) The member became disabled while an active contributing member of TRS;
- (3) The member is declared physically or mentally incapacitated for the further performance of duties, and the disability is likely to be permanent; and
- (4) The TRS Board has approved the member's application for a disability benefit.

The effective date of the member's disability benefit will be the first of the month following the date the member terminated employment.

The minimum disability benefit will be the greater of one-fourth (1/4) of a member's AFC; or the benefit earned to date based on the following formula:

$$\begin{array}{c} \text{Years of Service} \\ \times \\ \text{Average Final Compensation} \\ \times \\ 1.6667\% \end{array}$$

January	February	March
April	May	June
July	August	September
October	November	December

The result is an Annual Benefit, paid over 12 equal payments.

PROCEDURE TO APPLY FOR A DISABILITY RETIREMENT

Either the member, or the employer acting on the member's behalf, must contact the TRS office to request the 'Disability Retirement Application Packet.' The packet should be completed and sent to TRS at least 60 days prior to the date of termination.

The application packet will include an employer's report to the TRS Board. This report allows the employer to submit a written statement of the difficulties observed in the performance of assigned job duties and to describe any accommodation(s) made by the employer.

In addition, an applicant's physician statement must be completed and returned, along with any physician's notes that would assist the TRS Board or its representative in its assessment of the disability.

The TRS Board normally meets in Helena on the first Friday following Labor Day, the third Friday in November and February, and the second Friday in May. All application materials should be submitted to TRS upon completion, but at least 30 days prior to the next scheduled Board meeting. If the TRS Board decision is adverse, the member will be contacted by TRS staff and advised of the appeals process.

MEDICAL EXAMINATION/EARNINGS STATEMENT



Once each year during the first five years following disability retirement and once in every three-year period thereafter, until the member attains the age of 60, a disability retiree is required to submit a **current** 'Physician's Certification of Continued Disability.' The disability retiree is also required to submit an earnings statement annually until the age of 60.

CANCELLATION OF A DISABILITY BENEFIT

The TRS Board may cancel a disability retirement for several reasons.

- (1) The board determines that a disabled retiree is no longer incapacitated from the performance of the essential elements of the position they held when they retired.
- (2) If a disabled retiree is employed (public or private employment) full-time in a capacity that would otherwise meet the eligibility requirements of active membership in TRS, the retiree's retirement allowance **must** cease. A retiree employed full-time in a position covered under TRS shall again become an active member of TRS.

If the disabled retiree is restored to active membership on or after the attainment of age 55, the member's subsequent retirement allowance may not exceed the retirement allowance the member would have received had the member remained in service during the period of the member's disability retirement. Also, the retirement allowance upon subsequent retirement may not exceed the **sum** of the retirement allowance the member was receiving immediately prior to the member's last restoration to service and the retirement allowance that the member would have received on account of the member's service since the member's last restoration had the member entered service at that time as a new member.

- (3) A disabled retiree fails to submit a **current** physician's certification of continued disability statement, as requested by the TRS Board.
- (4) A disabled retiree fails to submit an annual gross earnings statement as required by the TRS Board.

A retiree whose disability retirement benefit is canceled because the board has determined that they are no longer incapacitated, must be given preference by the former employer for the position held at the time of retirement or for a comparable position that becomes available within one year of cancellation of the retiree's disability retirement.

EARNINGS AFTER DISABILITY RETIREMENT



A disabled retiree may return to employment, including self-employment, provided the combined disability benefit and earnings **do not** exceed the greater of their AFC or the median salary of those members retired during the preceding fiscal year. Should the earnings and disability benefit exceed the maximum allowable under the law, the disability benefit will be reduced so that the combination of earnings and the disability benefit do not exceed the maximum they are eligible to earn.

DEATH, SURVIVOR, AND MINOR CHILD BENEFIT

DEATH BENEFIT



The designated beneficiary of a retired member is entitled to receive a one-time \$500.00 death benefit. This benefit is in addition to any retirement benefit allowance payable to the designated beneficiary. If TRS does not have a valid beneficiary form on file at the time of the member’s death, this death benefit will be paid to the member’s estate.

SURVIVOR BENEFIT

If a member dies before retiring, the designated beneficiary may elect to receive a lump sum withdrawal of the member’s personal contributions plus interest.

If a member has at least five full years of membership service at the time of death, a designated beneficiary may elect to receive a monthly survivor benefit in lieu of the lump sum withdrawal of the member’s account balance.

The effective date of a monthly survivor benefit will be the first of the month following the member’s date of death. This benefit will be payable during the beneficiary’s lifetime and cease **only** upon the beneficiary’s death.

If a member is a vested member of TRS, and was employed within one year prior to death, the designated beneficiary is entitled to receive a one-time \$500.00 death benefit in addition to any other benefit payable. Upon the member’s death, notify TRS immediately and we will send the proper forms for applying for the survivor benefit to the designated beneficiary.

MINOR CHILD BENEFIT



In addition to the benefits outlined above, any minor children are entitled to receive a minor child benefit of \$200.00 per month upon the death of a vested member who was an active member within one year of the date of death, or upon the death of a retired member. A minor child benefit will be paid through the month in which the minor child attains age 18.

PAYMENT OF A MONTHLY BENEFIT

Under the statutes governing TRS, a monthly benefit is payable on the last day of each month. If the last day of the month falls on Saturday or Sunday, the monthly benefit will be mailed or electronically deposited on Friday.

CANCELING A RETIREMENT APPLICATION



If a benefit check has not been cashed or electronically deposited, the retirement application may be withdrawn. However, once a retirement check has been cashed or electronically deposited, a member is considered retired and the benefit allowance elected is irrevocable.

GUARANTEED ANNUAL BENEFIT ADJUSTMENT



A benefit recipient who has been receiving a benefit for at least 36 months prior to January 1 of each year will receive a GABA of 1.5%, with payment of the January benefit.

TAXATION OF A MONTHLY BENEFIT



The majority of retirement, disability, or survivor benefits will be subject to federal and/or Montana state income taxes. TRS recommends contacting an accountant, local IRS office, or the Montana Department of Revenue for tax advice at 406-444-6900 or 1-800-221-8015.

WITHHOLD FEDERAL & MONTANA STATE INCOME TAX



TRS offers the withholding of federal and Montana state income tax as a service to benefit recipients. A benefit recipient may elect to have taxes withheld from their monthly TRS benefit. The federal and Montana state tax forms are included in the retirement application packet.

WITHHOLD GROUP INSURANCE PREMIUMS



TRS has no connection with group insurance plans, but offers the withholding of monthly insurance premiums as a service to our benefit recipients and the member's former employer. The member must sign an 'Authorization for Deduction of Health Insurance' form to authorize the payroll deduction for health insurance premiums. The annual tax Form 1099-R will note the total amount of the insurance premiums withheld for that year.

NOTE: All questions concerning group insurance coverage must be addressed to the member's former employer.

EMPLOYMENT AND EARNINGS AFTER RETIREMENT



Under the statutes governing the TRS, a retired member (a TRS member who has terminated employment in all positions reportable to the TRS and has received at least one monthly benefit) may be employed in a position reportable to the TRS, including a position with the University System, without adjustment or suspension of retirement benefits, as long as the retired member earns no more, on a fiscal year basis (July 1 through June 30), than: (1) one-third (1/3) of their AFC, plus annual increases equal to the increase in the Consumer Price Index; or (2) one-third (1/3) of the median AFC for members retired during the preceding fiscal year as determined by the TRS Board.

A "position reportable to the retirement system" means a position in which, without consideration for the employment status or retirement status of the individual in the position, performance of the duties and functions of the position would make the individual eligible to participate in the retirement system pursuant to 19-20-302, MCA. This includes employment through a professional employer arrangement, employee leasing arrangement, as a temporary service contractor, or as an independent contractor. A position is reportable to the retirement system regardless of the full-time equivalency of the position, or the job title ascribed to the position, and whether or not the employer compensates you for your services. In other words, if you agree to volunteer in a position reportable to TRS, your service in that position must still be reported to TRS.

INDEPENDENT CONTRACTOR



In general, an independent contractor is ineligible for membership in the TRS. However, a retired member working as an independent contractor in a TRS-reportable position must be reported to the TRS. All amounts paid to or on behalf of a retired member/independent contractor with a retirement effective date of August 1, 2011, or later, in a TRS-reportable position will be counted against the retired member's earnings limitation, though the retired member will not be returned to active member status for employment in a TRS-reportable position.

The TRS Board will accept a certification from the Montana Department of Labor and Industry (DLI) as *prima facie* evidence of independent contractor status. If DLI certification has not been obtained, the retired member must be shown to meet the criteria of Administrative Rules of Montana (ARM) 2.44.308. The burden of proof of independent contractor status of a TRS retiree is on the employer. If the retired member's status as an independent contractor is in question, they will be treated as any other working retiree, including that they will be returned to active member status as appropriate.

ADDITIONAL RESOURCE INFORMATION

MONTANA OFFICE OF PUBLIC INSTRUCTION

Teaching Certification

406-444-3150

Montana Teacher Placement website:

www.metnet.mt.gov

SOCIAL SECURITY INFORMATION



Most public school teachers in Montana have Social Security coverage. A benefit provided by TRS is independent of, and in addition to, any Social Security benefit a member may be entitled to receive.

Upon request, the Social Security Administration will provide a concise, easy-to-read personal record of the earnings on which you have paid Social Security taxes during working years and a summary of the estimated benefits you and your family may receive as a result of those earnings. To receive a statement, request Form SSA-7004 from the local Social Security office or by calling 1-800-772-1213. Benefit information is also available their website at <http://www.ssa.gov>.

Because the Social Security figures are only estimates based on a 'best guess' of future earnings, review the reported earnings and other important information such as your name and date of birth are correct on your record. Periodic review of the earnings reported will insure the accuracy of Social Security records.

MEDICARE INFORMATION



For general Medicare information, ordering Medicare booklets, and information about health plans, contact 1-800-MEDICARE (1-800-633-4227) 24 hours a day, 7 days a week for assistance. Benefit information is also available on their website at <http://www.medicare.gov>.

HUMANA | Medicare
Guidance when you need it most

Telephone number:

1-800-486-2620

8:00 a.m. to 8:00 p.m., Monday – Friday

Web Address:

<https://www.humana-medicare.com>

Corporate office address: Humana Inc.

500 West Main Street

Louisville, KY 40202